

Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01

L-02 /070 W

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R 220745Z MAR 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 7655

INFO AMEMBASSY BEIRUT

AMCONSUL BOMBAY

LIMITED OFFICIAL USE NEW DELHI 3942

BEIRUT FOR REGIONAL CIVIL AVIATION ATTACHE

E.O. 11652: N/A

TAGS: IN, AV

SUBJ: AIRCRAFT SALES: NO DECISION YET

REF: NEW DELHI 2621

1. THE AIRCRAFT SALES PICTURE IS STILL UNCERTAIN. THE ONLY THINGS THAT SEEM CLEAR AT THIS POINT ARE THAT INDIAN AIRLINES DOES PLAN TO BUY WIDE-BODIED AIRCRAFT AND THAT THE DECISION ABOUT WHICH ONE WILL PROBABLY SKIP BEYOND MARCH 31. WE THINK THAT AIR CHIEF MARSHAL LAL STILL PREFERS THE LOCKHEED L-1011, BUT MAY BE HAVING SECOND THOUGHTS, OR PERHAPS JUST BE HAVING DIFFICULTY DEFENDING HIS CHOICE, WITH ALL THE PRICE CUTTING THAT IS GOIN ON.

2. RECENTLY, DOUGLAS PUT IN A NEW OFFER FOR THE DC-10 WHICH LED LOCKHEED TO REDUCE ITS OFFERING PRICE BUT APPARENTLY BY A LESSER AMOUNT. BOEING HAS JUST SENT OUT
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A SALES TEAM AGAIN WHICH HAS NOW LEFT. BOEING'S INTELLIGENCE

AS CONVEYED TO US IS THAT THE INTERAGENCY INVESTMENT BOARD WHICH MUST AUTHORIZE THE FUNDS IS LEANING TOWARDS THE AIRBUS. THE DOUGLAS SALESMAN CONVEYS TO US A SIMILAR IMPRESSION. LOCKHEED STILL SEEMS UNEASILY HOPEFUL THAT IT CONTINUES TO BE OUT IN FRONT ON THE BASIS OF THE NUMBERS. WE ARE A LITTLE SUSPICIOUS OF WHAT THE SALESMAN TELLS US, BUT CONTINUE TO FEEL THAT LOCKHEED'S POSITION HAS SLIPPED BUT THAT IT IS STILL IN THE RUNNING WITH THE AIRBUS. THE ISSUES IS SO CLOSE THAT THE GOI IS HAVING DIFFICULTY DECIDING. SOME SUGGESTED TO US THAT IS IS INCAPABLE OF COMING TO SUCH A BIG CLOSE DECISION.

3. FINANCING IS STILL CRUCIAL. JOINT SECRETARY OF THE FINANCE MINISTRY BAIJAL TOLD THE ECONOMIC COUNSELOR THE OTHER DAY THAT THE AIRBUS SALESMEN ARE ENGAGED IN FURTHER PRICE CUTTING VIA LOWER INTEREST RATES. HE SAYS THEY ARE NOW OFFERING AN INTEREST RATE OF BETWEEN 7 AND 7 AND 1/4 PERCENT ON 105 PERCENT OF THE PRUCHASE PRICE. (THE EXTRA FIVE PERCENT WOULD NOMINALLY COVER SOME SPARES AND INITIAL FUEL.) HE SUGGESTED THAT THE AMERICAN SUPPLIERS MIGHT BE ABLE TO PUT TOGETHER A MORE ATTRACTIVE PACKAGE FROM EURO-FINANCING THAN THROUGH THE EXPORT-IMPORT BANK. WE HAVE PASSED THIS OPINION TO MINGRONE OF LOCKHEED, THE ONLY AIRCRAFT SALESMAN WE HAVE BEEN ABLE TO SEE SINCE YESTERDAY.

4. NO AMERICAN SUPPLIER HAS ASKED US FOR FURTHER HELP.
SAXBE

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Margaret P. Grafeld
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